

Judge Marsha J Pechman

Presented to the Court by the foreman of the
Grand Jury in open Court, in the presence of
the Grand Jury and FILED in The U.S.
DISTRICT COURT at Seattle, Washington.

March 26 20 03
BRUCE RIFKIN, Clerk
By L. Brent Gehring Deputy

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

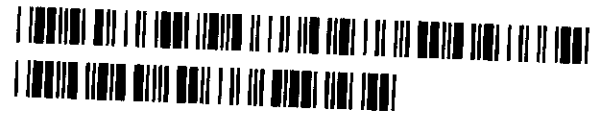
v

KEVIN L LAWRENCE,
STEVEN J REIMER,
MICHAEL J. CULP,
LARRY L. BEAMAN, and
HARVEY W. KUIKEN,

Defendants

NO. CR02-260P

SUPERSEDING INDICTMENT



CR 02 00260 #00000041

THE GRAND JURY CHARGES THAT:

I.

COUNT 1
(Conspiracy)

From in or about 1995, and continuing thereafter until the present, at Seattle,
Bellevue, and Bainbridge Island, at other places within the Western District of
Washington, and elsewhere, the defendants, KEVIN L LAWRENCE, STEVEN J
REIMER, MICHAEL J. CULP, LARRY L. BEAMAN, and HARVEY W. KUIKEN,
together with other persons known and unknown to the Grand Jury, did unlawfully,
willfully, and knowingly combine, conspire, confederate and agree among themselves and
each other to commit certain offenses against the United States, as follows.

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1 A. INTRODUCTION

2 1 Health Maintenance Centers, Inc. ("HMC") was incorporated in
3 Washington State on or about May 12, 1995, and was administratively dissolved and
4 reinstated at various times throughout the period from on or about December 6, 1995,
5 through on or about October 30, 2000. At all times material to this Indictment, defendant
6 KEVIN L. LAWRENCE was the founder and principal officer of HMC. Donavon C.
7 Claflin was the Treasurer of HMC and the authorized signer for many of the bank
8 accounts associated with HMC. From in or around September 2000 through in or around
9 January 2002, Kevin McCarthy was the head of HMC's investor relations department
10 During at least a portion of this time period, defendant STEVEN J. REIMER worked in
11 HMC's investor relations department. On or about May 16, 2001, defendant
12 MICHAEL J. CULP was appointed as a director of HMC. The Articles of Incorporation
13 for HMC provided that the corporate purposes of HMC were "[t]o operate health and
14 exercise clubs, and related facilities" and "[t]o engage in any business, trade or activity
15 which may be conducted lawfully by a corporation organized under the Washington State
16 Business Corporation Act." The Articles of Incorporation for HMC also provided that
17 "[t]his corporation is authorized to issue 10,000 shares of common stock and each share
18 shall have a par value of \$1.00." On February 5, 1997, HMC filed Articles of
19 Amendment that provided, among other things, that "[t]his corporation is authorized to
20 issue 15,000,000 shares of common stock and each share shall have a par value of \$1.00 "
21 On or about December 26, 2001, HMC ceased to exist as a Washington State corporation
22 and merged with a Delaware corporation known as HMC Acquisition Corp., a wholly-
23 owned subsidiary of Znetix, Inc. Also on or about December 26, 2001, HMC Acquisition
24 Corp. changed its name to Health Maintenance Centers, Inc.

25 2. Project X, Inc , was incorporated in the State of Washington on
26 November 3, 1999. On October 3, 2000, Project X filed Articles of Amendment with the
27 Washington State Secretary of State changing its name to Znetix, Inc. On or about
28

1 September 25, 2001, Znetix, Inc., ceased to exist as a Washington State corporation and
2 merged with a Delaware corporation known as Znetix, Inc.

3 3. From in or about 1995 through in or about January 2002, HMC, Project X,
4 and Znetix, and affiliated entities, through defendant KEVIN L. LAWRENCE and
5 various sales agents including defendants STEVEN J. REIMER, MICHAEL J. CULP,
6 LARRY L. BEAMAN, and HARVEY W. KUIKEN, and other persons known and
7 unknown to the Grand Jury, solicited and received in excess of \$68 million from
8 investors. At no time were the offers and sales of securities issued by HMC, Project X,
9 Znetix, and affiliated entities registered with the United States Securities and Exchange
10 Commission, the State of Washington Department of Financial Institutions, Securities
11 Division, or with the securities regulatory authorities in any other state.

12 4 On or about April 9, 2001, the State of Washington Department of Financial
13 Institutions, Securities Division, issued a Summary Order to Cease and Desist against
14 HMC and defendant KEVIN L. LAWRENCE. The Cease and Desist Order, among other
15 things, barred defendant KEVIN L. LAWRENCE and HMC (including HMC's agents
16 and employees) from selling securities through fraudulent representations and material
17 omissions, and in violation of the Washington State statutes providing for the registration
18 of securities prior to their offer and sale.

19 5. Cascade Pointe LLC was a limited liability company formed in Washington
20 State on or about May 2, 2001. Cascade Pointe of Arizona LLC was a limited liability
21 company formed in Arizona on or about August 8, 2001. Cascade Pointe of Nevis LLC
22 was a limited liability company established in the Caribbean nation of Nevis on or about
23 July 26, 2001.¹ Clifford G. Baird was the manager of Cascade Pointe from on or about
24 June 22, 2001, through in or around January 2002. James N. Wuensche was the Acting
25 Controller of Cascade Pointe during this same time period. From on or about May 2,
26 2001, through in or around January 2002, defendant KEVIN L. LAWRENCE, along with
27

28 ¹ Cascade Pointe LLC, Cascade Pointe of Arizona LLC, and Cascade Pointe of Nevis
LLC are collectively referenced in this Indictment as "Cascade Pointe."

1 Kevin McCarthy and other persons known and unknown to the Grand Jury, secretly
2 controlled and directed the activities of Cascade Pointe.

3 6. From on or about May 2, 2001, through in or around January 2002, Cascade
4 Pointe, through defendant KEVIN L. LAWRENCE and various sales agents including
5 defendants STEVEN J. REIMER, MICHAEL J. CULP, LARRY L. BEAMAN, and
6 HARVEY W. KUIKEN, and others known and unknown to the Grand Jury, solicited and
7 received in excess of \$12 million from investors. At no time were the offers and sales of
8 securities issued by Cascade Pointe and affiliated entities registered with the
9 United States Securities and Exchange Commission, the State of Washington Department
10 of Financial Institutions, Securities Division, or with the securities regulatory authorities
11 in any other state

12 B. OBJECTS OF THE CONSPIRACY

13 The objects of the conspiracy were as follows:

14 1 To unlawfully, knowingly, and willfully, directly and indirectly, by the use
15 of means and instrumentalities of interstate commerce, and of the mails, use and employ,
16 in connection with the purchases and sales of securities, manipulative and deceptive
17 devices and contrivances, by (a) employing devices, schemes, and artifices to defraud;
18 (b) making untrue statements of material facts and omitting to state material facts
19 necessary to make the statements made, in light of the circumstances in which they were
20 made, not misleading; and (c) engaging in acts, practices, and courses of business which
21 operated and would operate as a fraud and deceit upon other persons, in violation of
22 Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal
23 Regulations, Section 240.10b-5;

24 2 To knowingly and willfully transmit and cause to be transmitted by wire
25 communication in interstate and foreign commerce writings, signs, signals, pictures, and
26 sounds in furtherance of a scheme and artifice to defraud and for obtaining money and
27 property by means of false and fraudulent pretenses, representations, and promises, in
28 violation of Title 18, United States Code, Section 1343;

1 3. To knowingly and willfully use and cause the United States mail and
2 interstate couriers to be used in furtherance and execution of a scheme and artifice to
3 defraud, and a scheme and artifice for obtaining money and property by means of false
4 and fraudulent pretenses, representations and promises, in violation of Title 18,
5 United States Code, Section 1341;

6 4 To knowingly and willfully, directly and indirectly, make use of means and
7 instruments of transportation and communication in interstate commerce and of the mails
8 to sell securities for which no registration statement was in effect, in violation of Title 15,
9 United States Code, Sections 77e(a)(1) and 77x;

10 5. To conduct and attempt to conduct financial transactions affecting interstate
11 commerce involving the proceeds of specified unlawful activities, that is mail fraud, wire
12 fraud, and securities fraud, knowing that the property involved in the financial
13 transactions represented the proceeds of some form of unlawful activity, and knowing
14 that the transactions were designed in whole and in part to conceal and disguise the
15 nature, the location, the source, the ownership, and the control of the proceeds of
16 specified unlawful activities, in violation of Title 18, United States Code, Section
17 1956(a)(1)(B)(i), and

18 6 To knowingly and willfully engage and attempt to engage in monetary
19 transactions by, through, and to financial institutions, which monetary transactions
20 affected interstate and foreign commerce, in criminally derived property of a value greater
21 than \$10,000, such property having been derived from specified unlawful activities, that
22 is, securities fraud, wire fraud, and mail fraud, in violation of Title 18, United States
23 Code, Section 1957

24 C. MANNER AND MEANS OF THE CONSPIRACY

25 1. It was a part of the conspiracy and scheme to defraud that defendants
26 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.
27 BEAMAN, and HARVEY W. KUIKEN, and other persons known and unknown to the
28 Grand Jury, knowingly and willfully offered and sold, caused to be offered and sold, and

1 aided and abetted the offer and sale of, securities issued by HMC, Project X, Znetix,
2 Cascade Pointe, and affiliated entities to thousands of investors located in Washington
3 State and other states by means of false and fraudulent statements, representations,
4 promises, and pretenses, including, but not limited to, the false and fraudulent statements
5 that:

6 a. investors who purchased the securities of HMC for one dollar per
7 share would receive four shares of Znetix for each share of HMC;

8 b. Znetix would imminently engage in an Initial Public Offering
9 ("IPO"), after which Znetix securities could be freely traded on exchanges such as
10 NASDAQ;

11 c. Znetix shares would be valued at substantially more than one dollar
12 per share after the IPO;

13 d. Znetix had retained prominent investment banking and underwriting
14 firms who were working on the IPO;

15 e. Znetix had filed or would very shortly file a registration statement
16 with the United States Securities and Exchange Commission;

17 f. HMC and Znetix had developed proprietary medical and fitness
18 software and equipment which would generate substantial revenues,

19 g. Znetix had sold or would shortly sell licenses for approximately one
20 million dollars apiece to operate health and fitness clubs throughout the United States,

21 h. leading sports and entertainment figures had agreed to purchase or
22 license health and fitness clubs from Znetix;

23 i. defendant KEVIN L. LAWRENCE had previously been employed
24 with the firm Morgan Stanley in Japan;

25 j. Znetix would receive \$500 million from an investor group from
26 China;

27 k. Znetix or an affiliate had or was about to obtain a contract with the
28 United States Department of Defense worth millions or even billions of dollars;

1 l. defendant KEVIN L. LAWRENCE owned millions of shares in
2 HMC and had to sell a substantial portion of these shares because securities regulators
3 would not allow him to hold a majority interest in both HMC and Znetix;

4 m defendant KEVIN L. LAWRENCE was not receiving any
5 compensation from HMC and Znetix;

6 n. funds received from investors in Znetix would be placed in an
7 escrow account and released to Znetix only after Znetix fulfilled the fundraising goals set
8 forth in its private placement memorandum;

9 o. Cascade Pointe was a private investment firm under management
10 separate and apart from HMC;

11 p. Cascade Pointe was one of the nation's leading private investment
12 firms, and employed investment strategies based on "diversification" and "rock-solid
13 financials";

14 q. Cascade Pointe would and had the ability to fund, by means of cash
15 or credit, a "rescission offer" to be made by HMC to its investors, which rescission offer
16 would afford HMC investors the opportunity to choose between a refund of their
17 investments or keeping their investments with HMC in place, and was a final step before
18 the Znetix IPO,

19 r the rescission offer, and therefore the Znetix IPO, was imminent,

20 s Cascade Pointe would operate health and fitness clubs in Arizona
21 and in international locations such as Japan, and would receive tens of millions of dollars
22 of revenue;

23 t investors who received "units" in Cascade Pointe would receive
24 more than one share of HMC in exchange for each unit, and would later receive four
25 shares of Znetix for each HMC share;

26 u the defendants had invested substantial personal funds in HMC,
27 Znetix, Cascade Pointe, and affiliated entities; and
28

1 v. only limited quantities of HMC, Znetix, and Cascade Pointe
2 securities were available

3 2. It was a part of the conspiracy and scheme to defraud that in the offer and
4 sale of the securities issued by HMC, Project X, Znetix, Cascade Pointe, and affiliated
5 entities, defendants KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J
6 CULP, LARRY L. BEAMAN, and HARVEY W. KUIKEN, and other persons known
7 and unknown to the Grand Jury, knowingly and willfully failed to truthfully and
8 accurately disclose in a registration statement, prospectus, private placement
9 memorandum or in any other form material facts, including but not limited to.

10 a. the uses to which investors' money would be put, including that
11 investors' money had been and would be used for the personal benefit of defendants
12 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.
13 BEAMAN, and HARVEY W. KUIKEN, including for living expenses and the purchase
14 of millions of dollars worth of luxury cars, boats, homes, and other items for the personal
15 use of defendants and other persons known and unknown to the Grand Jury,

16 b. the financial condition of HMC, Project X, Znetix, Cascade Pointe,
17 and affiliated entities,

18 c. the lack of financial controls at HMC, Project X, Znetix, Cascade
19 Pointe, and affiliated entities;

20 d. the compensation to be received by defendants KEVIN L.
21 LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L. BEAMAN, and
22 HARVEY W. KUIKEN, and others associated with HMC, Project X, Znetix, Cascade
23 Pointe, and affiliated entities;

24 e. that HMC, Project X, Znetix, and Cascade Pointe were under
25 common management and control;

26 f. that Znetix could not receive funds under its purported \$500 million
27 "debenture contract" with an investment group from China unless Znetix first made \$500
28 million available to that investment group;

1 g. that HMC had sold more than its authorized amount of shares.

2 3. It was a part of the conspiracy and scheme to defraud that defendants
3 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.
4 BEAMAN, and HARVEY W. KUIKEN, and other persons known and unknown to the
5 Grand Jury, used funds received from investors for personal use, including for living
6 expenses and for the purchase of luxury cars, boats, homes, jewelry, and other items, and
7 for other purposes not disclosed to investors

8 4 It was a part of the conspiracy and scheme to defraud that defendants
9 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.
10 BEAMAN, and HARVEY W. KUIKEN and other persons known and unknown to the
11 Grand Jury, established and used a series of shell companies in Nevada, Hawaii, in the
12 Caribbean nation of Nevis, and elsewhere, to promote the scheme and to conceal the
13 nature, location, source, ownership, and control of funds.

14 5. It was a part of the conspiracy and scheme to defraud that defendant
15 KEVIN L. LAWRENCE, and other persons known and unknown to the Grand Jury,
16 promoted the scheme by causing Znetix to sponsor hydroplane and offshore racing boats,
17 the Seattle Mariners major league baseball team, and other prominent organizations and
18 events, by hosting lavish parties in Los Angeles and elsewhere, and by touting the
19 company's purported affiliations with celebrities and professional athletes.

20 6. It was a part of the conspiracy and scheme to defraud that defendants
21 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.
22 BEAMAN, and HARVEY W. KUIKEN, and other persons known and unknown to the
23 Grand Jury, paid employees, consultants, and sales agents of Znetix, Project X, HMC,
24 Cascade Pointe, and affiliated entities outrageously high salaries, commissions, and other
25 compensation, including in the form of cash, homes, luxury cars, and other items, to
26 work, wittingly and unwittingly, in furtherance of the conspiracy and scheme to defraud.

27 7. It was a part of the conspiracy and scheme to defraud to make false and
28 misleading statements to the State of Washington Department of Financial Institutions,

1 Securities Division, the United States Securities and Exchange Commission, the Federal
2 Bureau of Investigation, and others with regard to the activities of HMC, Project X,
3 Znetix, Cascade Pointe, and those affiliated with them.

4 8. It was a part of the conspiracy and scheme to defraud that defendants
5 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.
6 BEAMAN, and HARVEY W. KUIKEN, and other persons known and unknown to the
7 Grand Jury, employed multi-level marketing techniques and various sales agents to offer
8 and sell the securities of HMC, Project X, Znetix, Cascade Pointe and affiliated entities,
9 to over five thousand investors located throughout the United States.

10 9. It was a part of the conspiracy and scheme to defraud that defendants
11 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.
12 BEAMAN, and HARVEY W. KUIKEN, and other persons known and unknown to the
13 Grand Jury, lulled and attempted to lull investors, through oral and written
14 communications containing false and misleading statements, into believing that their
15 investments with HMC, Project X, Znetix, Cascade Pointe, and affiliated entities would
16 result in the creation of significant wealth

17 D. OVERT ACTS

18 In furtherance of the conspiracy, and to promote the objects thereof, defendants
19 KEVIN L. LAWRENCE, STEVEN J. REIMER, MICHAEL J. CULP, LARRY L.
20 BEAMAN, and HARVEY W. KUIKEN, and other persons known and unknown to the
21 Grand Jury, committed and caused to be committed, among others, the overt acts
22 described in Counts 2 through 114 of this Indictment, and the following.

23 1 On or about August 27, 1997, defendant KEVIN L. LAWRENCE signed
24 check number 1146 in the amount of \$25,263.33, drawn on a U S Bank account in the
25 name of American HMC LLC, payable to John Green for a 1990 Donzi Black Widow
26 boat.

27 2. On or about April 10, 1998, defendant KEVIN L. LAWRENCE signed
28 check number 1661 in the amount of \$5,830.34, drawn on a U S. Bank account in the

1 name of American HMC LLC, payable to "Brothers" for a 1997 Bombardier jet ski
2 watercraft

3 3 On or about April 10, 1998, defendant KEVIN L. LAWRENCE signed
4 check number 1659 in the amount of \$7,226.15, drawn on a U.S. Bank account in the
5 name of American HMC LLC, payable to "Brothers" for a 1998 Bombardier jet ski
6 watercraft

7 4 On or about March 26, 1999, defendant KEVIN L. LAWRENCE signed
8 check number 7664 in the amount of \$93,337 05, drawn on a U.S. Bank account in the
9 name of Health Maintenance Centers, Inc., payable to Fitzgerald Motor Sports for a 1999
10 Dodge Viper automobile

11 5. On or about April 12, 1999, defendant KEVIN L. LAWRENCE signed
12 check number 7707 in the amount of \$51,648.00, drawn on a U.S. Bank account in the
13 name of Health Maintenance Centers, Inc., payable to Fitzgerald Motor Sports for a 1994
14 Dodge Viper automobile.

15 6. On or about June 6, 1999, defendant KEVIN L. LAWRENCE signed check
16 number 7731 in the amount of \$37,435 17, drawn on a U.S. Bank account in the name of
17 Health Maintenance Centers, Inc., payable to Courtesy Ford for a 1999 Ford F350 pickup
18 truck.

19 7. On or about August 18, 1999, defendant KEVIN L. LAWRENCE signed
20 check number 7749 in the amount of \$108,500, drawn on a U.S. Bank account in the
21 name of Health Maintenance Centers, Inc., payable to John Hennessy for work performed
22 on defendant KEVIN L. LAWRENCE's vehicles

23 8. On or about August 19, 1999, defendant KEVIN L. LAWRENCE signed
24 check number 7793 in the amount of \$119,950, drawn on a U S Bank account in the
25 name of Health Maintenance Centers, Inc., payable to David Golder for a 1996 Dodge
26 Viper automobile.

27 9 On or about February 24, 2000, defendant KEVIN L. LAWRENCE
28 authorized a wire transfer in the amount of \$66,000, from a U S. Bank account in the

1 name of Health Maintenance Centers, Inc., to Roby Autogroup, Inc., for a 1999 Ferrari
2 F355 CV Spider automobile

3 10. On or about March 30, 2000, defendant KEVIN L. LAWRENCE
4 authorized a wire transfer in the amount of \$292,652, from a U.S. Bank account in the
5 name of Health Maintenance Centers, Inc., to National Auto Wholesale for a 2000
6 Cigarette boat.

7 10.1. On or about April 1, 2000, defendant KEVIN L. LAWRENCE and Rick
8 Sato, another individual affiliated with Project X, signed a letter addressed to CMMP
9 Investments stating that:

10 In lieu of the legal jargon used and depicted throughout the
11 Private Placement Memorandum, this letter serves to clarify
and guarantee the following representations:

12 Your investment into Project X, Inc. must legally be held and
13 not dispersed until the filing has been completed.

14 Project X, Inc. has neither plan nor ability to remain a
15 privately held corporation. Its full need and use of the money
raised from this private offering is to launch the publicly
traded corporation.

16 If for some unforeseen reason Project X, Inc. is unable to
17 register and trade as a public company, your initial investment
dollars will be returned to you plus 8% APR.

18 In closing this is a guarantee from Project X, Inc. and a
19 personal guarantee from Kevin Lawrence and Rick Sato. I
hope this adequately addresses your questions.

20 11. On or about June 15, 2000, defendant KEVIN L. LAWRENCE sent a
21 memorandum to "The Qualified Investor" in which he stated:

22 Znetix, Inc., a Washington corporation, is acquiring HMC,
23 Inc. (d.b.a. Human Performance Centers) with a stock
purchase. The valuation of HMC, Inc. has been accepted by
24 the Board of Directors of Znetix, Inc. Znetix, Inc. offers to
HMC, Inc. for consideration of its value, four (4) shares of
25 Znetix, Inc. Common Stock, or equivalent, for every one (1)
share of HMC, Inc. Common Stock. This conversion is
26 applicable to all shareholders with the date of record from
January 1, 1999 through the present.

27 12. On or about June 16, 2000, defendant KEVIN L. LAWRENCE
28 countersigned a letter addressed to him from Keith Falls of SPI Silver Pointe Investments

1 LLC ("Silver Pointe"), pursuant to which defendant KEVIN L. LAWRENCE represented
2 that Silver Pointe would be able to exchange 400,000 HMC shares for 1,600,000 shares
3 of Znetix, and that "[i]t will be announced next week that Znetix, Inc. will be offered in
4 an IPO later this year and based on today's market conditions you and your board of
5 advisors expect a low end strike price to be between \$12-20 dollars per share."

6 13. On or about June 26, 2000, defendant KEVIN L. LAWRENCE caused the
7 purchase of a U.S. Bank cashier's check in the amount of \$25,000, payable to Europa for
8 a 2000 Mercedes Benz 500CV automobile.

9 14. On or about August 11, 2000, defendant KEVIN L. LAWRENCE
10 authorized a wire transfer in the amount of \$325,000, from a U.S. Bank account in the
11 name of Health Maintenance Centers, Inc., to Lake Cumberland Marine for a 1999
12 Cigarette boat

13 15 On or about September 10, 2000, defendant KEVIN L. LAWRENCE
14 signed check number 8402 in the amount of \$135,755, drawn on a U.S. Bank account in
15 the name of Health Maintenance Centers, Inc., dba Kevin Lawrence, Inc., payable to
16 Europa International, Inc., for a 2000 Mercedes Benz 500CV automobile.

17 16. On or about September 15, 2000, defendant KEVIN L. LAWRENCE sent a
18 memorandum to Gary Engen, an investor, answering two questions posed by that investor
19 as follows.

20 The answers to your two general questions are as follows:

21 1 What type of escrow account are the Znetix private
22 placement funds held in?

23 Znetix private placement funds are in the control of the legal
24 firms handling our stock offering. When Znetix receives
25 funds, the checks are photocopied and one is sent to the Stock
26 Transfer Company, Znetix holds one and the original check is
27 controlled by the legal group. When Znetix has finished
28 raising its offering amount, the legal group will file with the
SEC in each of the states the funding came from. When this
intern [sic] mechanics if [sic] finished, the funds are released
to Znetix to be used as described in its private placement
memorandum. This process is very strict and allows no gray
area. That is why there are three independent entities, which
control the access to funds and stock. One is the legal group,
one is Znetix and one is the Stock Transfer Company.

1 2. What is the likelihood that an action could slow or stop
2 the funds from being released to Znetix?

3 There is virtually no situation to stop the funds from being
4 released. It is a very closely monitored process and the funds
5 belong to Znetix from the onset. The escrow system is just
6 one step more secure than that of a real estate escrow account
7 and that step being the legal control of the account. However,
8 it is no different than a real estate account when it comes to
9 the release of the funds. The funds belong to the parties
10 involved in the transaction, not the escrow or legal
11 companies, therefore when the documentation is signed, the
12 funds are available.

13 I allow two weeks or so to give the parties involved time to
14 finish the internal paperwork shuffling that happens in all
15 business transactions. Also, I always assume absenteeism due
16 to sickness and such as well as mail and bank slow downs.
17 Having contingencies built into the time schedule is prudent
18 when dealing with more than one individual. This is why I
19 always give two weeks as a buffer for any working
20 arrangements dealing with escrows or SEC funding
21 assignments.

22 Conclusion:

23 I am so secure about the absolute conclusion of the Znetix
24 funds release I will warrant or pledge my entire ownership in
25 Znetix as well as my personal assets against the event
26 happening as I have depicted.

27 Thank you for your help and call me if you have further
28 questions.

1 17. On or about October 18, 2000, defendant KEVIN L. LAWRENCE
2 authorized a wire transfer in the amount of \$25,000, from a U.S. Bank account in the
3 name of Health Maintenance Centers, Inc., to Motorcars International, Inc., for a 2001
4 Lamborghini Diablo automobile.

5 17 1 On or about November 1, 2000, defendant KEVIN L. LAWRENCE
6 directed the destruction of records following the service of a subpoena issued by the State
7 of Washington Department of Financial Institutions, Securities Division.

8 18. On or about November 7, 2000, defendant KEVIN L. LAWRENCE
9 authorized check number 3022 in the amount of \$100,000, drawn on an account of
10 Project X, Inc , at U.S. Bank, payable to Land Title for property in Poulsbo, Washington.

1 19 On or about November 15, 2000, defendant KEVIN L. LAWRENCE
2 authorized check number 3014 in the amount of \$100,000, drawn on an account at U S.
3 Bank, in the name of Project X, Inc., payable to the wife of an individual affiliated with
4 Znetix located in Los Angeles, California.

5 20. On or about December 27, 2000, defendant KEVIN L. LAWRENCE
6 caused the purchase of cashier's check number 5021882717 in the amount of \$25,000,
7 with funds from a U.S. Bank account in the name of Project X, Inc , payable to Executive
8 Auto Consultants for a 2000 Mercedes G500 automobile.

9 21. On or about January 5, 2001, defendant KEVIN L. LAWRENCE
10 authorized a wire transfer in the amount of \$90,000, from a U.S. Bank account in the
11 name of Project X, Inc., to a bank account held by Plaza Motor Company for a 2001
12 Porsche 911 Carrera Cabriolet.

13 22. On or about February 9, 2001, defendant KEVIN L. LAWRENCE
14 authorized a wire transfer in the amount of \$20,000, from a First Mutual Bank account in
15 the name of Health Maintenance Centers, Inc - American Integrated Health, to Bank of
16 Hawaii in Honolulu for credit to an account in the name of Title Guaranty Escrow
17 Services

18 23. On or about February 9, 2001, defendant KEVIN L. LAWRENCE
19 authorized an unnumbered counter check in the amount of \$12,999.21, drawn on a First
20 Mutual Bank account in the name of Health Maintenance Centers, Inc.- American
21 Integrated Health, payable to Executive Auto Consultants for accessories for a 2000
22 Mercedes Benz G500 automobile.

23 24. On or about February 14, 2001, defendant KEVIN L. LAWRENCE
24 authorized check number 1014 in the amount of \$5000, drawn on a First Mutual Bank
25 account in the name of Health Maintenance Centers, Inc.- American Integrated Health,
26 payable to Executive Auto for a 2000 Mercedes Benz G500 automobile.

27 25 On or about February 26, 2001, defendant KEVIN L. LAWRENCE
28 authorized a wire transfer in the amount of \$85,000, from a First Mutual Bank account in

1 the name of Health Maintenance Centers, Inc.- American Integrated Health, payable to
2 Executive Auto Consultants for a 2000 Mercedes Benz G500 automobile.

3 26. On or about March 1, 2001, defendant KEVIN L. LAWRENCE signed
4 check number 5146 in the amount of \$80,000, drawn on a Bank of America account in
5 the name of Bainbridge Human Performance Center PLLC, for the purchase of cashier's
6 check number 3410121573, which was used for property in Princeville, Hawaii.

7 27. On or about March 23, 2001, defendant KEVIN L. LAWRENCE
8 authorized a wire transfer in the amount of \$725,000, from a First Mutual Bank account
9 in the name of Health Maintenance Centers, Inc.- American Integrated Health, to Title
10 Guaranty Escrow Services for property in Princeville, Hawaii

11 28. On or about March 26, 2001, defendant KEVIN L. LAWRENCE
12 authorized a wire transfer in the amount of \$90,000, from a First Mutual Bank account in
13 the name of Health Maintenance Centers, Inc.- American Integrated Health, to Hall
14 Pantera, Inc , for a 1972 DeTomaso Pantera automobile

15 29. On or about March 27, 2001, defendant KEVIN L. LAWRENCE
16 authorized a wire transfer in the amount of \$600,000, from a First Mutual Bank account
17 in the name of Health Maintenance Centers, Inc.- American Integrated Health, to
18 SkyPrints for a residence for a Znetix fundraiser located in St. Louis, Missouri.

19 30. On or about March 27, 2001, defendant KEVIN L. LAWRENCE
20 authorized a wire transfer in the amount of \$124,653, from a First Mutual Bank account
21 in the name of Health Maintenance Centers, Inc.-American Integrated Health, to a bank
22 account held by Steve Taub, Inc., for the purchase of a 2001 Porsche 911 Cabriolet for
23 the wife of an individual affiliated with Znetix located in Los Angeles, California.

24 30.1 On or about April 3, 2001, defendant HARVEY W. KUIKEN signed check
25 number 1137 in the amount of \$30,000, drawn on a U.S Bank account in the name of
26 Growth International, a company controlled by KUIKEN that contained investor funds
27 raised by KUIKEN and others, payable to Lark 1 LLC as part of a down payment toward
28 the purchase of a multimillion dollar property in Newcastle, Washington.

1 31. On or about April 6, 2001, defendant KEVIN L. LAWRENCE authorized a
2 wire transfer in the amount of \$174,698.75, from a First Mutual Bank account in the
3 name of Health Maintenance Centers, Inc.- American Integrated Health, to The Bank of
4 Nova Scotia, Nassau, Bahamas, for account number 6077-18 in the name of Graham,
5 Thompson & Co

6 32. On or about April 17, 2001, defendant KEVIN L. LAWRENCE authorized
7 check number 1096 in the amount of \$330,000, drawn on a First Mutual Bank account in
8 the name of Health Maintenance Centers, Inc.- American Integrated Health, payable to
9 Lido Jewelry for the purchase of a seven carat diamond ring.

10 33. On or about May 2, 2001, defendant KEVIN L. LAWRENCE and other
11 persons known and unknown to the Grand Jury caused the formation of Cascade Pointe
12 LLC as a Washington State limited liability company.

13 33 1 On or about May 30, 2001, defendant HARVEY W. KUIKEN authorized a
14 wire transfer in the amount of \$25,000 from a U.S bank account in the name of
15 Morningstar Growth International, a company controlled by KUIKEN that contained
16 investor funds raised by KUIKEN and others, to an account held at SKNA National Bank
17 Ltd, in the name of Nevis American Trust Co., Ltd.

18 33 2. On or about June 6, 2001, defendant HARVEY W. KUIKEN authorized a
19 wire transfer in the amount of \$25,000 from a U.S. bank account in the name of
20 Morningstar Growth International to an account held at SKNA National Bank Ltd, in the
21 name of Nevis American Trust Co., Ltd

22 33.3. On or about June 9, 2001, defendant HARVEY W. KUIKEN authorized the
23 issuance of check number 7009 in the amount of \$26,291.85, drawn on a U.S. Bank
24 account in the name of Morning Star Growth International, payable to Aero Air for a
25 private charter aircraft trip to Wilmar, Nassau, Fort Lauderdale, Sarasota, Las Vegas, and
26 Colorado Springs during June 10, 2001, to June 19, 2001.

27 33.4. On or about June 25, 2001, defendant HARVEY W. KUIKEN signed check
28 number 5003 in the amount of \$100,000, drawn on a U.S. Bank account in the name of

1 Growth International, payable to Lark 1 LLC as part of a down payment toward the
2 purchase of a multimillion dollar property in Newcastle, Washington.

3 34. On or about June 26, 2001, defendant KEVIN L. LAWRENCE and
4 Clifford G Baird signed a "letter of intent" purporting to commit Cascade Pointe to
5 provide \$35 million to fund a rescission offer to be made by HMC to investors.

6 35. On or about June 26, 2001, Clifford G. Baird sent a letter to Cascade Pointe
7 investors requesting that the investors not "discuss any information relating to Cascade
8 Pointe, HMC, or Znetix with any party whatsoever," and requesting that the investors sign
9 a non-disclosure agreement, which would allow them to receive "a research report
10 regarding Znetix" written by "Sanjoy Bhattacharya [sic], a former analyst with Goldman
11 Sachs & Company."

12 35 1. On or about June 29, 2001, defendant HARVEY W. KUIKEN signed check
13 number 7014 in the amount of \$28,000, drawn on a U.S Bank account in the name of
14 Morning Star Growth International, payable to John Ogwel Nyangwatho for gemstones.

15 36. On or about July 2, 2001, Clifford G Baird received a letter from Julie S.
16 Mills falsely stating that Palledium Capital Partners, Ltd., of Nevis would provide
17 Cascade Pointe with a \$5 million line of credit for an up front fee of \$175,000.

18 37 On or about July 2, 2001, a wire transfer was authorized in the amount of
19 \$250,000, with funds from Bank of America account number 62577507 in the name of
20 Cascade Pointe LLC, to Silverdale State Bank, for account number 04022995 in the name
21 of Bainbridge HPC.

22 38. On or about July 5, 2001, persons affiliated with Cascade Pointe known and
23 unknown to the Grand Jury established a web site known as www.cascadepointe.com
24 with content that included the false statements that Cascade Pointe was one of the nation's
25 leading private investment firms and employed investment strategies based on
26 "diversification" and "rock-solid financials."

27 //

28 //

1 39. On or about July 11, 2001, Clifford G. Baird received a letter from Julie S.
2 Mills falsely stating that Rutherford, York & Baxter, Ltd , of Nevis would provide
3 Cascade Pointe with a \$10 million line of credit for an up front fee of \$200,000.

4 40 On or about July 11, 2001, Clifford G. Baird sent a letter to investors
5 stating, among other things, "[p]lease read the enclosed summary and analysis of Znetix
6 as done by a former Goldman Sachs analyst. This should really excite you."

7 41. On or about July 12, 2001, Clifford G. Baird sent a letter to investors falsely
8 stating, among other things, that

9 a the contract between HMC and Cascade Pointe "discloses in excess
10 of \$60 million in promissory notes due to HMC, Inc. by other companies";

11 b. Cascade Pointe "has been awarded the state of Arizona by Znetix.
12 The anticipated annual revenues will be between \$50 million and \$100 million within the
13 first five years of operation",

14 c Cascade Pointe "will also be participating in some portion of the
15 international markets of the Znetix rollout",

16 d. Cascade Pointe "has secured a \$50 million line of credit from several
17 private money groups."

18 42. On or about July 12, 2001, Clifford G. Baird received a letter from Julie S.
19 Mills falsely stating that Winfield & Brundidge Investments, Inc., of Nevis would provide
20 Cascade Pointe with a \$10 million line of credit for an up front fee of \$150,000.

21 43 On or about July 12, 2001, Kevin McCarthy sent an e-mail message to
22 Clifford G. Baird and others stating "[h]ere are the lines of credit. I plan to email these to
23 Nevis tonight for them to fax back signed tomorrow and fedex originals. Let me know if
24 you have any changes."

25 43.1 On or about July 12, 2001, defendant HARVEY W. KUIKEN signed check
26 number 7019 in the amount of \$17,000, drawn on a U S. Bank account in the name of
27 Morning Star Growth International, payable to Mary Ogwel for gemstones
28

1 43 2 On or about July 13, 2001, defendant KEVIN L. LAWRENCE and Clifford
2 G. Baird executed a "Stock Purchase Agreement" that purportedly committed Cascade
3 Pointe to provide \$35 million to fund a rescission offer to be made to HMC investors and
4 to pay HMC's operating expenses

5 44 On or about July 16, 2001, Clifford G. Baird received a letter from Kim
6 Singh falsely stating that Hawkins & Holland, Inc., of Nevis would provide Cascade
7 Pointe with a \$10 million line of credit for an up front fee of \$250,000.

8 45. On or about July 16, 2001, Clifford G. Baird sent a letter to investors falsely
9 stating, among other things, that:

10 a "On Friday night last, July 13, I signed the final agreement to acquire
11 HMC, Inc. rescission stock, some assets and some liabilities. This agreement now gives
12 HMC the ability to start its rescission process by providing the funding necessary for
13 HMC to purchase back shares as requested"; and

14 b. "With the retaining of a couple of new Fund Managers as
15 consultants, we should be able to finish our \$50 million round by the end of the week."

16 46. On or about July 16, 2001, Clifford G. Baird received a letter from Julie S.
17 Mills falsely stating that Nurrell Marcos Capital, Ltd., of Nevis would provide Cascade
18 Pointe with a \$10 million line of credit for an up front fee of \$150,000.

19 47 On or about July 20, 2001, defendant KEVIN L. LAWRENCE had a
20 telephone conversation with Kevin McCarthy in which they discussed having James N.
21 Wuensche provide false information regarding Cascade Pointe in response to an inquiry
22 by the State of Washington Department of Financial Institutions, Securities Division

23 48 On or about July 21, 2001, Clifford G. Baird sent an e-mail message to
24 investors stating, among other things, that:

25 a "We are now negotiating to participate in a new foreign opportunity
26 We are entering discussions for the very real possibility of Cascade Pointe participating in
27 the licensing of over 150 health club/fitness centers in Tokyo, Japan. This just continues
28 to increase your future income stream as a founding member"; and

1 b. "This past week someone gave me a great metaphor about this
2 journey we have been on He suggested it was like an Olympic marathon and we have
3 just entered the Olympic stadium - Wow?"

4 49. On or about July 24, 2001, Clifford G. Baird sent a letter to investors,
5 stating, among other things, that Cascade Pointe would be moving its "legal venue" to the
6 Carribean nation of Nevis, and that on or around August 15, 2001, Cascade Pointe would
7 be "retaining the services of an investment banker like Bear Stearns or Stifel, Nicolaus to
8 assist us in raising money to build the facilities."

9 50. On or about July 27, 2001, a wire transfer was authorized in the amount of
10 \$200,000, from Bank of America account number 62577507, in the name of Cascade
11 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of
12 Health Maintenance Centers, Inc.

13 51. On or about July 27, 2001, a wire transfer was authorized in the amount of
14 \$26,550, from Bank of America account number 62577507, in the name of Cascade
15 Pointe LLC, to SKNA National Bank, for account number 04022995, in the name of
16 Nevis American Trust, for credit to Cascade Pointe of Nevis LLC

17 51.1. On or about August 1, 2001, defendant STEVEN J. REIMER signed a
18 "Nominee Agreement" on behalf of TNT Dynamics, Inc , with Privatech Group, LLC and
19 J. A Fontano, manager of Privatech, for the purpose of concealing REIMER's control of
20 TNT Dynamics, Inc..

21 52. On or about August 2, 2001, a wire transfer was authorized in the amount
22 of \$100,000, from Bank of America account number 62577507, in the name of Cascade
23 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of
24 Health Maintenance Centers, Inc.

25 53 On or about August 2, 2001, a wire transfer was authorized in the amount
26 of \$100,000, from Bank of America account number 62577507, in the name of Cascade
27 Pointe LLC, to SKNA National Bank, for account number 04022995, in the name of
28 Nevis American Trust, for credit to Lemur Capital, Ltd.

1 54 On or about August 3, 2001, a wire transfer was authorized in the amount
2 of \$500,000, from Bank of America account number 62577507, in the name of Cascade
3 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of
4 Health Maintenance Centers, Inc

5 55. On or about August 6, 2001, James N Wuensche, Acting Controller of
6 Cascade Pointe, sent a letter to Martin Cordell, a securities enforcement attorney with the
7 State of Washington Department of Financial Institutions, Securities Division, in which
8 James N. Wuensche falsely stated, among other things, that Cascade Pointe's organizers
9 became familiar with HMC, Znetix, and affiliates in the following way

10 LLC members have been researching opportunities with
11 companies like HMC and Znetix. During their research, they
12 became aware of the problems HMC was experiencing with
13 your department. Cascade Pointe viewed HMC's problem as
14 a potential opportunity. Contact was made with appropriate
15 personnel at HMC to begin discussions, which has led us to
16 where we are today. The purpose of Cascade Pointe is to
17 pursue the acquisition of HMC stock.

18 56. On or about August 7, 2001, a wire transfer was authorized in the amount
19 of \$300,000, from Bank of America account number 62577507, in the name of Cascade
20 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of
21 Health Maintenance Centers, Inc.

22 57. On or about August 8, 2001, a wire transfer was authorized in the amount
23 of \$150,000, from Bank of America account number 62577507, in the name of Cascade
24 Point LLC, to Wells Fargo Bank Nevada N.A , for account number 924927726, in the
25 name of Eceuro RC Corp.

26 58. On or about August 9, 2001, defendant KEVIN L. LAWRENCE and
27 Clifford G. Baird executed an "Amended and Restated Stock Purchase Agreement" that
28 purportedly committed Cascade Pointe to provide \$55 million to fund a rescission offer to
be made by HMC to investors and to pay HMC's operating expenses.

 59. On or about August 9, 2001, a wire transfer was authorized in the amount
of \$50,000, from Bank of America account number 62577507, in the name of Cascade

1 Pointe LLC, to SKNA National Bank, for account number 04022995, in the name of
2 Nevis American Trust for credit to Gibraltar Capital Partners.

3 60. On or about August 10, 2001, a wire transfer was authorized in the amount
4 of \$200,000, from Bank of America account number 62577507, in the name of Cascade
5 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of
6 Health Maintenance Centers, Inc.

7 61. On or about August 17, 2001, a wire transfer was authorized in the amount
8 of \$100,000, from Bank of America account number 62577507, in the name of Cascade
9 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of
10 Health Maintenance Centers, Inc.

11 62. On or about August 17, 2001, a wire transfer was authorized in the amount
12 of \$100,000, from Bank of America account number 62577507, in the name of Cascade
13 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of
14 Health Maintenance Centers, Inc.

15 63. On or about August 21, 2001, a wire transfer was authorized in the amount
16 of \$375,000, from Bank of America account number 62577507, in the name of Cascade
17 Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name of
18 Health Maintenance Centers, Inc.

19 64. On or about August 23, 2001, James N. Wuensche, Acting Controller of
20 Cascade Pointe, sent a memorandum to Clifford G. Baird, which Baird distributed to
21 investors, stating, among other things, that Wuensche had a lengthy telephone conference
22 with defendant KEVIN L LAWRENCE, who provided the following information:

23 a. "HMC filed the Registration Statement with the State of Washington
24 relative to the rescission"; and

25 b "Znetix is proceeding in an expedited manner to file its S-1. The
26 expectation is that it will be completed and filed within the next few weeks "

27 65. On or about August 28, 2001, Kevin McCarthy sent an e-mail message to
28 Clifford G. Baird and James N. Wuensche of Cascade Pointe stating, among other things,

1 that McCarthy had received messages from defendant KEVIN L LAWRENCE, and an
2 "action item" based on those messages was to "[t]ry to get \$2 to \$3 million in this week
3 and another \$1 mill minimum next week."

4 65.1 On or about August 30, 2001, defendant LARRY L BEAMAN signed a
5 "Nominee Agreement" on behalf of PNW, Inc., with Privatech Group, LLC and J. A
6 Fontano, manager of Privatech, for the purpose of concealing BEAMAN's control of
7 PNW, Inc..

8 66. On or about September 5, 2001, a wire transfer was authorized in the
9 amount of \$10,000, from Bank of America account number 62577507, in the name of
10 Cascade Pointe LLC, to SKNA National Bank account number 04022995, in the name of
11 Nevis American Trust, for credit to Gibraltar Capital Partners.

12 67. On or about September 6, 2001, a wire transfer was authorized in the
13 amount of \$200,000, from Bank of America account number 62577507, in the name of
14 Cascade Pointe LLC, to Wells Fargo Bank, for account number 3515689010, in the name
15 of Health Maintenance Centers, Inc.

16 67.1 On or about August 29, 2001, and September 7, 2001, respectively,
17 defendants KEVIN L. LAWRENCE and MICHAEL J. CULP signed a "Consent in Lieu
18 of Special Meeting of Directors of Health Maintenance Centers, Inc." stating, among
19 other things, that:

20 WHEREAS, Kevin Lawrence, in his capacity as Chairman of
21 the Board of Directors of the Corporation, signed a Certificate
22 on August 25, 2001, attached hereto as Exhibit A, in which he
23 stated that the Corporation has, since its inception, given
24 numerous persons various levels of entitlement to the
25 Corporation in the nature of subscription agreements,
26 however, the Board of Directors never formally authorized
27 the issuance of any shares of the Corporation's common stock
28 to such persons, and that the Board of Directors never
authorized the Corporation to issue any shares without
certificates;

WHEREAS, Kevin Lawrence is among those persons referred
to in his Certificate, with outstanding arrangements with the
Corporation in the nature of a subscription agreement;

NOW THEREFORE BE IT RESOLVED, the Board of
Directors accepts the Certificate of Kevin Lawrence and

1 confirms that the Corporation does not have any outstanding
2 shareholders;

3 RESOLVED, that for the purposes of creating a shareholder
4 of the Corporation, the Board of Directors hereby accepts one
5 of the outstanding arrangements of Kevin Lawrence in the
6 nature of a subscription agreement and issues Kevin
7 Lawrence one share of the Corporation's common stock for
8 \$1.00

9 68. On or about September 7, 2001, Clifford G. Baird received a letter from
10 J Michelle Williams falsely stating that Lloyd's & Lloyd's Financial, Ltd , of Nevis would
11 provide Cascade Pointe with a \$10 million line of credit for an up front fee of \$150,000

12 69. On or about September 14, 2001, defendant KEVIN L. LAWRENCE sent a
13 letter to Znetix shareholders stating that:

14 I would like you to know that at the time of this printing I
15 have a Debenture Contract for \$500M from an investor group
16 from China. The additional funding of foreign money,
17 approximately \$500M, will be used primarily for acquisitions,
18 predictive medicine, and technology developments both
19 domestic and international. This contract is to be executed
20 and as details are available we will forward them to you. This
21 process should be coming to a conclusion in the near future.

22 69.1 On or about September 14, 2001, defendants KEVIN L. LAWRENCE and
23 MICHAEL J CULP, as directors of HMC, signed a "Consent in Lieu of Special Meeting
24 of Directors of Health Maintenance Centers, Inc ," stating, among other things, that

25 RESOLVED that the Board of Directors hereby accepts
26 another of the many outstanding arrangements of Kevin
27 Lawrence in the nature of subscription agreements and issues
28 Kevin Lawrence Nine Thousand Nine Hundred and Ninety
Nine (9,999) shares of the Corporation's Common Stock for
consideration equal in value to Nine Thousand Nine Hundred
and Ninety Nine Dollars (\$9,999).

1 70. On or about September 18, 2001, a wire transfer was authorized in the
2 amount of \$25,000, from Bank of America account number 62577507, in the name of
3 Cascade Pointe LLC, to The Bank of Nevis International for account number
4 574074998241, in the name of Nevis American Trust, for credit to Alliance Advisory
5 Group.

1 71. On or about September 18, 2001, a wire transfer was authorized in the
2 amount of \$25,000, from Bank of America account number 62577507, in the name of
3 Cascade Pointe LLC, to ABN Amro Bank N.V for account number 026009580, in the
4 name of Nevis American Trust, for credit to River Johnson Investors.

5 72 On or about September 21, 2001, a wire transfer was authorized in the
6 amount of \$60,000, from Bank of America account number 62577507, in the name of
7 Cascade Pointe LLC, to ABN Amro Bank for account number 8298685, in the name of
8 Nevis American Trust, for credit to Alliance Advisory Group.

9 73 On or about September 21, 2001, a wire transfer was authorized in the
10 amount of \$50,000, from Bank of America account number 62577507, in the name of
11 Cascade Pointe LLC, to The Bank of Nevis International for account number
12 574074998241, in the name of Nevis American Trust, for credit to River Johnson
13 Investors.

14 74. On or about September 24, 2001, a wire transfer was authorized in the
15 amount of \$40,000, from Bank of America account number 62577507, in the name of
16 Cascade Pointe LLC, to The Bank of Nevis International, for account number
17 574074998241, in the name of Nevis American Trust, for credit to Alliance Advisory
18 Group

19 75. On or about September 26, 2001, a wire transfer was authorized in the
20 amount of \$25,000, from Bank of America account number 62577507, in the name of
21 Cascade Pointe LLC, to The Bank of Nevis International, for account number
22 574074998241, in the name of Nevis American Trust, for credit to Cascade Pointe of
23 Nevis

24 75 1 On or about September 26, 2001, defendant KEVIN L. LAWRENCE
25 signed documents effecting a merger of HMC and Znetix; such documents recited that
26 "[t]he authorized capital stock of [HMC] consists of ten thousand (10,000) shares of
27 common stock having a par value of \$1 00 per share, of which ten thousand (10,000)
28 shares are duly issued and outstanding."

1 76. On or about September 27, 2001, a wire transfer was authorized in the
2 amount of \$35,000, from Bank of America account number 62577507, in the name of
3 Cascade Pointe LLC, to The Bank of Nevis International, for account number
4 574074998241, in the name of Nevis American Trust, for credit to Cascade Pointe of
5 Nevis.

6 77. On or about September 30, 2001, defendant KEVIN L. LAWRENCE
7 signed an agreement with Global Project and Development, Ltd., providing that Znetix
8 would have to make \$500 million available to that company in order to receive \$500
9 million

10 78. On or about October 2, 2001, a wire transfer was authorized in the amount
11 of \$30,000, with funds from Bank of America account number 62577507, in the name of
12 Cascade Pointe LLC, to The Bank of Nevis International, for account number
13 574074998241, in the name of Nevis American Trust, for credit to Alliance Advisory
14 Group.

15 79. On or about October 2, 2001, a wire transfer was authorized in the amount
16 of \$30,000 with funds from Bank of America account number 62577507, in the name of
17 Cascade Pointe LLC, to The Bank of Nevis International, for account number
18 574074998241, in the name of Nevis American Trust, for credit to River Johnson
19 Investors.

20 80 On or about October 10, 2001, defendant KEVIN L. LAWRENCE falsely
21 stated under oath during a deposition taken by the SEC that Znetix or an affiliate had a
22 contract with the Department of Defense.

23 81. On or about October 10, 2001, defendant KEVIN L. LAWRENCE falsely
24 stated under oath during a deposition taken by the SEC that he had no relationship with
25 Cascade Pointe.

26 82 On or about October 11, 2001, defendant KEVIN L. LAWRENCE falsely
27 stated under oath during a deposition taken by the SEC that he did not know Randy
28

1 Becker, the manager of Cascade Pointe from on or about May 2, 2001, through on or
2 about June 21, 2001.

3 83 On or about October 11, 2001, defendant KEVIN L. LAWRENCE falsely
4 stated under oath during a deposition taken by the SEC that he was anticipating that
5 Znetix would receive \$500 million from a Chinese-based investor group, but that he was
6 unaware of the details of the deal.

7 83.1 On or about October 17, 2001, defendant STEVEN J. REIMER caused the
8 drafting of a letter under the name of Jim Fontano, purportedly the president of TNT
9 Dynamics, Inc., a company controlled by REIMER, to "whom it may concern," stating:
10 "Please note that on October 3, 2001 our Company made payment to Mr. Michael J. Culp
11 in the amount of \$200,000.00 for business consulting service that he provided to us in the
12 recent past."

13 83.2 On or about October 19, 2001, defendant MICHAEL J. CULP authorized a
14 wire transfer in the amount of \$197,390.85, from a Washington Mutual Account in the
15 name of Michael J. and Jennifer M. Culp, for the purchase of property in Woodinville,
16 Washington.

17 84 On or about October 24, 2001, funds in the amount of \$100,000 were
18 withdrawn for the purchase of cashier's check number 8590332204, from Bank of
19 America account number 62577507, in the name of Cascade Pointe LLC, made payable
20 to Health Maintenance Centers, and deposited into Wells Fargo Bank, for account number
21 3515689010, in the name of Health Maintenance Centers, Inc.

22 85. On or about October 31, 2001, defendant KEVIN L. LAWRENCE
23 authorized a wire transfer in the amount of \$70,904.02, from a Wells Fargo Bank account
24 in the name of Health Maintenance Centers, Inc., dba HPC, to Pacific NW Title for the
25 purchase of property in Poulsbo, Washington.

26 86. On or about November 2, 2001, funds in the amount of \$125,000 were
27 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's
28 check number 0604963566 payable to HMC.

1 87. On or about November 7, 2001, funds in the amount of \$50,000 were
2 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's
3 check number 8590333743 payable to HMC.

4 88. On or about November 9, 2001, funds in the amount of \$100,000 were
5 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's
6 check number 8590333968 payable to HMC.

7 89 On or about November 20, 2001, funds in the amount of \$140,000 were
8 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's
9 check number 8590335507 payable to HMC.

10 89.1. On or about November 20, 2001, defendant HARVEY W. KUIKEN, in a
11 recorded telephone conversation with a potential investor, represented, among other
12 things, that Cascade Point was a leveraged buyout of HMC and whatever funds that were
13 invested would be leveraged five times, and explained:

14 As far as Cascade Point, it's actually a leveraged buy-out,
15 LBO, with leveraged money, so when a person takes and
16 comes into the limited liability corporation, whatever funds
17 they put in is leveraged five times. That is the position they
18 will hold within the LLC. Now, that does not mean they're
19 going to get that equivalent in stocks. There's, uh, uh, the
20 LLC is a real business, there's real expenses, so whatever
21 expenses are, it's going to be taken off the top of the leverage
22 position. So if we use, let's say, \$50,000, which is the
23 minimum, that 50,000 is leveraged five times, so the position
24 in the LLC is 250,000 Now, the HMC has been four-for-
25 one split. So, on a \$50,000 that's been put in there's a
26 250,000 position. If we take off and say the expenses are
27 30%, that means \$75,000 goes towards expenses, which is the
28 cost of acquiring the stock interest and the ongoing expenses,
so that means there will be 175,000 that would go towards the
purchase of stock. Now, uh, if you take and multiply that
times four, because we're giving the original models stock,
there'd be 700,000 shares of Znetix. Now, if we use an ultra-
conservative number of \$10, which is very, very conservative,
because on a Private Placement Memorandum, they did sell
some stock at five. There was rumor of some sold at seven,
however, I do not have any validation of that. So, if for you
the simple figure is \$10 - 700,000 shares - that means there
would be \$7 million position, or \$7 million worth of (U/I) you
could hold within the LLC.

1 89.2 On or about November 20, 2001 defendant STEVEN J REIMER caused a
2 letter to be sent from J. Michelle Williams, Trustee for Gibraltar Capital Partners, Ltd , of
3 Charlestown, Nevis, to Clifford Baird, stating that:

4 Please note that Gibraltar Capital Partners, Ltd., has the full
5 financial capability to fund a \$3.6 million USD,
6 (\$3,600,000.00) investment into Cascade Pointe, LLC equity
7 investment Pending proper clearance and other recently
8 appointed procedures, these funds shall be transferred to
9 Cascade Pointe, LLC's bank wire instructions as has been
10 provided.

11 Further, note that the above funds shall be credited to a
12 purchase on behalf of Hamilton Capital Partners, Ltd., and are
13 not for investment on behalf of Gibraltar. Gibraltar Capital
14 Partners, Ltd., is only acting as agent in the above transaction

15 89.3. On or about November 21, 2001, defendant STEVEN J. REIMER sent a
16 letter to TNT Dynamics, Inc., Attn: Jim Fontano, President, stating "Please execute the
17 enclosed promissory note and forward to Kennedy and Kessell Trading for their files.
18 Keep a copy in TNT's file for further reference They have transferred \$200,000.00 USD
19 to TNT's account around October 2, 2001." The promissory note enclosed with the letter,
20 dated October 8, 2001, and signed by Jim Fontano, President, TNT Dynamics, Inc., states
21 that TNT Dynamics, Inc., promises to pay Kennedy & Kessell Trading of Charleston,
22 Nevis/St. Kitts "in lawful money of the United States of America, the principal amount of
23 Two Hundred Thousand Dollars and 00/100 (\$200,000.00) together with interest on the
24 unpaid principal and balance from October 8, 2001, until paid in full " The interest rate
25 on the promissory note is set forth as thirty percent per month.

26 90. On or about November 26, 2001, funds in the amount of \$125,000 were
27 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's
28 check number 8590336083 payable to HMC.

29 91 On or about November 26, 2001, funds in the amount of \$100,000 were
30 withdrawn from a bank account controlled by Cascade Pointe for the purchase of cashier's
31 check number 8590335912 payable to HMC.

1 92 On or about November 27, 2001, funds in the amount of \$50,000 were
2 withdrawn for the purchase of cashier's check number 8590336146 with funds from Bank
3 of America account number 62577507, in the name of Cascade Pointe LLC, and
4 deposited into Wells Fargo Bank, for account number 3515689010, in the name of Health
5 Maintenance Centers, Inc.

6 93 On or about December 7, 2001, a wire transfer was authorized in the
7 amount of \$50,000, with funds from Bank of America account number 62577507, in the
8 name of Cascade Pointe LLC, to The Bank of Nevis International, for account number
9 574074998241, in the name of Nevis American Trust, for credit to Lemur Capital, Ltd.

10 94. On or about December 17, 2001, Clifford G. Baird sent a facsimile
11 transmission to defendant KEVIN L. LAWRENCE that included a letter from Vanessa
12 Rawlins to defendant KEVIN L. LAWRENCE stating that "Cascade Pointe of Nevis,
13 LLC is anticipating a significant deposit of funds earmarked as an investment in our
14 company. In accordance with our agreement and at your request, we will be immediately
15 transferring said funds to the transitional account of HMC, Inc."

16 95 On or about December 19, 2001, a wire transfer was authorized in the
17 amount of \$50,000, with funds from Bank of America account number 62577507, in the
18 name of Cascade Pointe LLC, to bank account number 004962707081 in the name of
19 Night Wind Enterprises, Ltd.

20 95.1 On or about December 19, 2001, and defendant KEVIN L. LAWRENCE,
21 on behalf of himself, and defendant MICHAEL J CULP, on behalf of HMC, executed an
22 "Agreement for Consulting Services," providing, among other things, that HMC would
23 pay defendant KEVIN L. LAWRENCE \$45,834.00 per month upon written authorization
24 from HMC.

25 95.2 On or about December 19, 2001, defendant KEVIN L. LAWRENCE and
26 an officer of Znetix executed an "Agreement for Consulting Services," providing, among
27 other things, that Znetix would pay defendant KEVIN L. LAWRENCE \$100,000 per
28 month upon written authorization from Znetix.

1 96 On or about January 8, 2002, funds in the amount of \$105,000 were
2 withdrawn for the purchase of a cashier's check, from Bank of America account number
3 62577507, in the name of Cascade Pointe LLC.

4 97 On or about January 8, 2002, defendant KEVIN L. LAWRENCE sent by
5 facsimile transmission to Thomas Odegaard, an investor, a letter from Palledium Capital
6 Partners, Ltd , dated December 10, 2001, and a letter from Nurrel Marcos Capital, Ltd ,
7 dated December 11, 2001, both such letters falsely stated that the \$10 million lines of
8 credit that these Nevis entities would supposedly provide to Cascade Pointe had been
9 "extended."

10 97 1. On or about January 10, 2002, defendant MICHAEL J. CULP sent an e-
11 mail message to Craig Belluscı, an investor, in which he stated:

12 I apologize for my absence of regular communication. Being
13 a director, I am under a SEC Quarantine due to the sensitivity
14 of Znetix/HMC proceedings. Wednesday the 16th, Znetix
15 Attorneys meet with the underwriter USB Warberg and the
16 secondary brokerage houses for the final signing. The S-1
17 and S-4 will file almost immediately. The lead attorney told
18 me Tuesday that they will go public this quarter

19 When the S-1 and S-4 are filed, I will receive the converted
20 registered stock. I will then contact you to do the stock
21 transfer. Its much larger than anybody realized. I will call to
22 see if you have some other questions

23 97.2. On or about January 16, 2002, defendant MICHAEL J. CULP sent an e-
24 mail message to Craig Belluscı, an investor, in which he stated:

25 This is a significant day for Znetix. I will call you and fill you
26 in on the details and answer your questions. I will tell you
27 that I cannot transfer HMC stock to you at this stage. Audits
28 have been completed so everything is locked in for the
conversion to Znetix. If you want to know the truth HMC
stock is worthless right now because of the acquisition

 98 On or about January 16, 2002, funds in the amount of \$50,000 were
withdrawn for the purchase of a cashier's check from Bank of America account number
62577507, in the name of Cascade Pointe LLC.

1 98 1 On or about January 16, 2002, defendant KEVIN L. LAWRENCE called
2 Clifford Baird and encouraged Mr. Baird not to provide testimony at a deposition
3 scheduled in connection with an investigation by the United States Securities and
4 Exchange Commission.

5 99 On or about January 18, 2002, funds in the amount of \$85,000 were
6 withdrawn for the purchase of a cashier's check, from Bank of America account number
7 62577507, in the name of Cascade Pointe LLC.

8 99.1 On or about February 28, 2002, after the Court issued a Preliminary
9 Injunction Order prohibiting such transactions, defendant KEVIN L. LAWRENCE signed
10 an agreement to list a Hawaii property for \$5,750,000, and on or about March 2, 2002, he
11 signed a contract to sell the property for \$1,200,000.

12 All in violation of Title 18, United States Code, Section 371.

13
14 II.

15 COUNTS 2 through 54
16 (Securities Fraud)

17 1 Sections A, C, and D of Part I of this Indictment are incorporated in this
18 paragraph as if fully set forth herein.

19 2. On or about the dates set forth below, at Bellevue, Seattle, and Bainbridge
20 Island, at other places within the Western District of Washington, and elsewhere, the
21 defendants set forth below with respect to each count, together with other persons known
22 and unknown to the Grand Jury, unlawfully, knowingly, and willfully, directly and
23 indirectly, by the use of means and instrumentalities of interstate commerce, and of the
24 mails, did use and employ, in connection with the purchases and sales of securities issued
25 to the investors listed below, manipulative and deceptive devices and contrivances in
26 violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing
27 devices, schemes, and artifices to defraud; (b) making untrue statements of material facts
28 and omitting to state material facts necessary to make the statements made, in light of the
circumstances in which they were made, not misleading; and (c) engaging in acts,

practices, and courses of business which operated and would operate as a fraud and deceit upon other persons. Each investment set forth below constitutes a representative sample of the purchase and sale of securities through the use by defendants of such manipulative and deceptive devices and contrivances, and a separate count of this Indictment, as follows:

Count	Defendant(s)	Date	Investor	Investment
2	LAWRENCE	August 29, 1999	James Grace, Bellevue, WA	Purchase of 5,000 shares of HMC
3	LAWRENCE	October 7, 1999	Christopher Teem, Kirkland, WA	Purchase of 10,000 shares of HMC
4	LAWRENCE	December 7, 1999	Joe Marvelle, Sequim, WA	Purchase of 10,000 shares of HMC
5	LAWRENCE	December 7 1999	Michael Hardy, Sequim, WA	Purchase of 15,000 shares of HMC
6	LAWRENCE	February 21, 2000	Dana Milkie and Colleen Poole, Issaquah, WA	Purchase of 20,000 shares of HMC
7	LAWRENCE	April 6, 2000	CMMP Investment, Puyallup, WA	Purchase of \$125,000 shares of Project X
8	LAWRENCE	April 18, 2000	Liberty Unlimited Corp. Management, Issaquah, WA	Purchase of 500,000 shares of Project X.
9	LAWRENCE	May 5, 2000	Liberty Utld Management Trust Account for Sundance Assoc., Issaquah, WA	Purchase of 80,000 shares of HMC
10	LAWRENCE	August 10, 2000	David Nahirny, Houston, TX	Purchase of 25,000 shares of HMC
11	LAWRENCE	August 23, 2000	Greg Arrellano, Redwood City, CA	Purchase of 10,000 shares of HMC
12	LAWRENCE	September 2, 2000	Bill Cassas, Newport Beach, CA	Purchase of 15,000 shares of HMC
13	LAWRENCE	September 25, 2000	Bill Cassas, Newport Beach, CA	Purchase of 10,000 shares of HMC

Count	Defendant(s)	Date	Investor	Investment
14	LAWRENCE REIMER CULP	November 10, 2000	Gary Engen, Yakima, WA	Purchase of 12,500 shares of HMC
15	LAWRENCE REIMER CULP	January 12, 2001	First Security Funding, Bellevue, WA	Purchase of 107,000 shares of Znetix
16	LAWRENCE REIMER CULP KUIKEN	January 4, 2001	Jim Dollar, Kent, WA	Purchase of 7,000 shares in Znetix
17	LAWRENCE REIMER CULP	January 31, 2001	Brian Holman, Ellensburg, WA	Purchase of 10,000 shares of HMC
18	LAWRENCE REIMER CULP	February 1, 2001	Paul Einan, Scottsdale, AZ	Purchase of 10,000 shares of HMC
19	LAWRENCE REIMER CULP	February 1, 2001	Jonathan Greenspahn, Naples, FL	Purchase of 100,000 shares of Znetix
20	LAWRENCE REIMER CULP	February 16, 2001	Hugh Yap, Marysville, WA	Purchase of 26,200 shares of HMC
21	LAWRENCE REIMER CULP	March 6, 2001	Craig and Bobbi Bellusci, Marysville, WA	Purchase of 70,000 shares of HMC
22	LAWRENCE REIMER CULP	March 7, 2001	Mark and Kay Meitzer, Madison, WI	Purchase of 9,000 shares of HMC
23	LAWRENCE REIMER CULP	March 16, 2001	Daniel and Patricia St. John, Gaston, OR	Purchase of 80,000 shares of HMC
24	LAWRENCE REIMER CULP	March 19, 2001	Julene Daniels, Portland, OR	Purchase of 3,000 shares of HMC
25	LAWRENCE REIMER CULP	March 20, 2001	Darcy and John Frederick, Beaverton, OR	Purchase of 30,000 shares of HMC
26	LAWRENCE REIMER CULP KUIKEN	March 26, 2001	Daryl Gray, Sumner, WA	Purchase of 14,000 shares in Znetix

Count	Defendant(s)	Date	Investor	Investment
27	LAWRENCE REIMER CULP	April 2, 2001	Michael and Bernadette Etka, Big Bear Lake, CA	Purchase of 14,000 shares of HMC
28	LAWRENCE REIMER CULP KUIKEN	April 6, 2001	Mari and Leif Ellingson, Renton, WA	Purchase of 10,000 shares in Znetix
29	LAWRENCE REIMER CULP	April 9, 2001	Thomas Riccolo, Morris, IL	Purchase of 10,000 shares of Znetix
30	LAWRENCE REIMER BEAMAN CULP	April 13, 2001	Michael Esber, Phoenix, AZ	Purchase of 22,200 shares of HMC
31	LAWRENCE REIMER BEAMAN CULP KUIKEN	April 16, 2001	Stephen Lentz, Tacoma, WA	Purchase of 9,000 shares of Znetix
32	LAWRENCE REIMER BEAMAN CULP KUIKEN	April 19, 2001	Ralph Pockrus, Auburn, WA	Purchase of 25,000 shares in Znetix
33	LAWRENCE REIMER BEAMAN CULP KUIKEN	May 24, 2001	Gretchen and Douglas Mortensen, Tualatin, OR	Purchase of 100,000 units of Cascade Pointe
34	LAWRENCE REIMER BEAMAN CULP KUIKEN	May 24, 2001	Mike Day, Katy, Texas	Purchase of 100,000 units of Cascade Pointe
35	LAWRENCE REIMER BEAMAN CULP KUIKEN	May 24, 2001	Alexi and Jennifer Bobodzhanov, Kirkland, WA	Purchase of 50,000 shares of HMC
36	LAWRENCE REIMER BEAMAN CULP KUIKEN	May 31, 2001	Greg Perry, Kirkland, WA	Purchase of 50,000 shares of HMC

Count	Defendant(s)	Date	Investor	Investment
37	LAWRENCE REIMER BEAMAN CULP KUIKEN	May 31, 2001	Steve and Rebecca Pflueger, Renton, WA	Purchase of 40,000 shares of Znetix
38	LAWRENCE REIMER BEAMAN CULP KUIKEN	June 11, 2001	William Joseph, Roseville, CA	Purchase of 12,500 shares of HMC
39	LAWRENCE REIMER BEAMAN CULP KUIKEN	June 14, 2001	Greg Arrellano, Redwood City, CA	Purchase of 10,000 units of Cascade Pointe
40	LAWRENCE REIMER BEAMAN CULP KUIKEN	June 28, 2001	Sharon Biggi, Portland, OR	Purchase of 12,000 shares of HMC
41	LAWRENCE REIMER BEAMAN CULP KUIKEN	July 20, 2001	Larry and Luwenda Melby, Calackamus, OR	Purchase of 55,000 shares of HMC
42	LAWRENCE REIMER BEAMAN CULP KUIKEN	August 16, 2001	Henry J. Schoen, Woodland, WA	Purchase of 10,000 shares of HMC
43	LAWRENCE REIMER BEAMAN CULP KUIKEN	September 4, 2001	Jason Smith, Cape Coral, FL	Purchase of 50,000 units of Cascade Pointe
44	LAWRENCE REIMER BEAMAN CULP KUIKEN	October 1, 2001	Patricia Jackson, Battle Ground, WA	Purchase of 16,000 shares of HMC
45	LAWRENCE REIMER BEAMAN CULP KUIKEN	October 4, 2001	James M. & Judith Hattrick, Vancouver, WA	Purchase of 5,000 shares of HMC

Count	Defendant(s)	Date	Investor	Investment
46	LAWRENCE REIMER BEAMAN CULP KUIKEN	October 4, 2001	Roger Erickson, Gresham, OR	Purchase of 10,000 shares of HMC
47	LAWRENCE REIMER BEAMAN CULP KUIKEN	October 14, 2001	Kimberly and Tracy Miles, Gresham, OR	Purchase of 20,000 shares of HMC
48	LAWRENCE REIMER BEAMAN CULP KUIKEN	October 17, 2001	Kenneth R. Sampson, Camas, WA	Purchase of 5,000 shares of HMC
49	LAWRENCE REIMER BEAMAN CULP KUIKEN	October 19, 2001	Ardice Hines, Keizer, OR	Purchase of 5,000 shares of HMC
50	LAWRENCE REIMER BEAMAN CULP KUIKEN	October 22, 2001	Kenneth A. Mishler Hillsboro, OR	Purchase of 10,000 shares of HMC
51	LAWRENCE REIMER BEAMAN CULP KUIKEN	November 19, 2001	Caroline Nygaard, Ridgefield, WA	Purchase of 10,000 shares of HMC
52	LAWRENCE REIMER BEAMAN CULP KUIKEN	November 27, 2001	Donald Miller and Connie and Derrick Dale, Tigard, OR	Purchase of 1,000 shares of HMC
53	LAWRENCE REIMER BEAMAN CULP KUIKEN	November 27, 2001	Mark and Jasmin Lynn, Rochester, MN	Purchase of 5,000 shares of Znetix
54	LAWRENCE REIMER BEAMAN CULP KUIKEN	January 14, 2002	Donald Tralmer Tomah, WI	Purchase of 5,000 shares of HMC

All in violation of Title 15, United States Code, Sections 78j(b) and 78ff(a), Title 17, Code of Federal Regulations, Section 240.10b-5, and Title 18, United States Code, Section 2.

III.

COUNTS 55 through 68
(Wire Fraud)

1 Sections A, C, and D of Part I of this Indictment are incorporated in this paragraph as if fully set forth herein.

2 On or about the dates set forth below, at Bellevue, Seattle, and Bainbridge Island, at other places within the Western District of Washington, and elsewhere, the defendants set forth below with respect to each count, together with other persons known and unknown to the Grand Jury, having devised and intended to devise the above-described scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did, for the purpose of executing such scheme or artifice, knowingly and willfully transmit and cause to be transmitted, by wire communication in interstate and foreign commerce, the writings, signs, signals, pictures, and sounds described below, each of which constitutes a representative sample of the use of wire communications in interstate and foreign commerce in furtherance of the scheme and artifice to defraud and a separate count of this Indictment, as follows:

Count	Defendant(s)	Date	Sender	Sent To	Description of Item
55	LAWRENCE	August 1, 2000	Tom Trobaugh, Bank One, Coppell, TX	Project X, U S. Bank, Seattle, WA	Wire transfer of funds in the amount of \$1,000,000
56	LAWRENCE	Sept 8, 2000	Keith Falls, Wells Fargo Bank, Arlington, TX	HMC, U S. Bank, Seattle, WA	Wire transfer of funds in the amount of \$82,000

Count	Defendant(s)	Date	Sender	Sent To	Description of Item
57	LAWRENCE REIMER CULP	Nov.10, 2000	Kenneth Morgante, Pavilion State Bank, Leroy, NY	HMC, U.S Bank, Bellevue, WA	Wire transfer of funds in the amount of \$20,000
58	LAWRENCE REIMER BEAMAN CULP KUIKEN	June 8, 2001	Robert Norton, Wells Fargo Bank, Twin Falls, ID	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$25,000
59	LAWRENCE REIMER BEAMAN CULP KUIKEN	June 29, 2001	Susanne J. Pederson, Monona, WI	Bainbridge Human Performance, Silverdale State Bank, Silverdale, WA	Wire transfer of funds in the amount of \$10,000
60	LAWRENCE REIMER BEAMAN CULP KUIKEN	July 25, 2001	Mark Heffernan, Arlington Heights, IL	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$20,000
61	LAWRENCE REIMER BEAMAN CULP KUIKEN	July 26, 2001	Keith and Sue Rezin, Standard Bank & Trust, Evergreen Park, IL	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$50,000
62	LAWRENCE REIMER BEAMAN CULP KUIKEN	July 28, 2001	Nick Singh, Wells Fargo Bank, Aliso Viejo, CA	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$100,000
63	LAWRENCE REIMER BEAMAN CULP KUIKEN	June 18, 2001	Linda Bossom, Bank One, Joliet, IL	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$50,000
64	LAWRENCE REIMER BEAMAN CULP KUIKEN	July 31, 2001	Kenn Davin, The Bankers Bank, Norris, TN	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$110,000

Count	Defendant(s)	Date	Sender	Sent To	Description of Item
65	LAWRENCE REIMER BEAMAN CULP KUIKEN	August 6, 2001	Renate and Robert Lundberg, Soloman Smith Barney, Inc., New York, NY	Larry L. Beaman, First Independent Bank, Ridgefield, WA	Wire transfer of funds in the amount of \$20,000
66	LAWRENCE REIMER BEAMAN CULP KUIKEN	August 6, 2001	Western Man., Inc. (John A. McKinney), Wells Fargo Bank, Minneapolis, MN	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$50,000
67	LAWRENCE REIMER BEAMAN CULP KUIKEN	Jan. 15, 2002	Michael Esber, Bank of America, Peoria, AZ	Cascade Pointe, Bank of America, Bellevue, WA	Wire transfer of funds in the amount of \$10,000
68	LAWRENCE REIMER BEAMAN CULP KUIKEN	Jan. 28, 2002	Bob and Jeanette Hayward, Tomah Area Credit Union, Tomah, WI	Larry L. Beaman, First Independent Bank, Ridgefield, WA	Wire transfer of funds in the amount of \$2,000

All in violation of Title 18, United States Code, Sections 1343 and 2.

IV.

COUNTS 69 through 82 (Mail Fraud)

1 Sections A, C, and D of Part I of this Indictment are incorporated here by
23 reference as if fully set forth herein.

24 2 On or about the dates set forth below, at Bellevue, Seattle, and Barnbridge
25 Island, at other places within the Western District of Washington, and elsewhere, the
26 defendants set forth below with respect to each count, together with other persons known
27 and unknown to the Grand Jury, having devised and intended to devise the above-
28 described scheme and artifice to defraud, and for obtaining money and property by means

of false and fraudulent pretenses, representations, and promises, did, for the purpose of executing such scheme and artifice and attempting so to do, knowingly and willfully send and deliver, cause to be sent and delivered, by the United States Postal Service and other private and commercial interstate carriers according to the directions thereon, the items listed below, each of which constitutes a representative sample of the use of the mails in furtherance of the scheme and artifice to defraud and a separate count of this Indictment, as follows:

Count	Defendant(s)	Date	Sent From	Sent To	Description of Item
69	LAWRENCE	June 29, 1999	Asa Sarver, Gallatin Gateway, MT	HMC, Washington	\$6,000 check made payable to HMC
70	LAWRENCE	August 31, 1999	HMC, Bellevue, WA	Mark Jennings, Kirkland, WA	Stock certificate in the amount of 4,000 shares of HMC
71	LAWRENCE	January 18, 2000	Kevin Lawrence, Bainbridge Island, WA	Mark Schuster, Kirkland, WA	Letter regarding HMC transfer of assets to Project X
72	LAWRENCE	Sept. 9, 2000	HMC, Redmond, WA	Mark Schuster, Kirkland, WA	Stock certificate in the amount of 4,000 shares of HMC
73	LAWRENCE	Oct. 2, 2000	HMC, Washington	Salvatore Zambito, Suquamish, WA	Stock certificate in the amount of 14,500 shares of HMC
74	LAWRENCE	Oct 6, 2000	HMC, Redmond, WA	Steven Gerdes, Lynnwood, WA	Stock certificate in the amount of 25,000 shares of HMC
75	LAWRENCE REIMER CULP	Oct. 23, 2000	Billy & Sandy Jamison, Colorado	HMC, Washington	\$30,000 check made payable to HMC
76	LAWRENCE REIMER CULP	Oct. 31, 2000	Sean Chafin, Grand Rapids, MI	HMC, Bellevue, WA	\$9,000 check made payable to HMC

Count	Defendant(s)	Date	Sent From	Sent To	Description of Item
77	LAWRENCE REIMER CULP	January 31, 2001	Leonard & Gayle Deddo, Santa Cruz, CA	Al Lacson, Kirkland, WA	\$10,000 check made payable to HMC
78	LAWRENCE REIMER CULP	March 26, 2001	Nati Salvidar, Big Springs, TX	Al Lacson, Kirkland, WA	\$5,000 check made payable to HMC
79	LAWRENCE REIMER CULP	April 9, 2001	Wayne Franklin, Vancouver, WA	HMC, c/o Al Lacson, Kirkland, WA	\$30,000 check made payable to HMC
80	LAWRENCE REIMER BEAMAN CULP KUIKEN	May 23, 2001	Robert Norton, Twin Falls, ID	Kevin McCarthy, Bellevue, WA	\$50,000 check made payable to HMC
81	LAWRENCE REIMER BEAMAN CULP KUIKEN	May 29, 2001	HMC, Bellevue, WA	Colleen James, Portage, WI	HMC Promissory Note in the amount of \$25,000
82	LAWRENCE REIMER BEAMAN CULP KUIKEN	July 9, 2001	Jason and Karae Smith, Cape Coral, FL	Cascade Pointe, Washington	\$10,000 check made payable to Cascade Pointe

All in violation of Title 18, United States Code, Sections 1341 and 2.

V

COUNTS 83 through 99 (Money Laundering)

1. On or about the dates set forth below, within the Western District of Washington, and elsewhere, the defendants set forth below with respect to each count, together with other persons known and unknown to the Grand Jury, did knowingly and willfully conduct and attempt to conduct the financial transactions set forth below affecting interstate and foreign commerce, which involved the proceeds of specified unlawful activities, that is, mail fraud, wire fraud, and securities fraud, knowing that such transactions were designed in whole and in part to conceal and disguise the nature,

1 location, source, ownership, and control of the proceeds of said specified unlawful
2 activities, and that while conducting and attempting to conduct such financial transactions
3 knew that the property involved in the financial transactions, that is funds and monetary
4 instruments in the amounts set forth below, represented the proceeds of some form of
5 unlawful activity, each transaction identified below constitutes a representative sample of
6 such financial transactions and a separate count of this Indictment, as follows:

Count	Defendant(s)	Date	Description of Financial Transaction
83	LAWRENCE	August 10, 2001	Withdrawal of funds in the amount of \$50,000 from Wells Fargo Bank account number 3515689010 in Bellevue, Washington, in the name of Health Maintenance Centers, Inc., dba HPC, by check number 11062 payable to Night Wind Enterprises, Ltd.
84	LAWRENCE	August 10, 2001	Withdrawal of funds in the amount of \$50,000 from Wells Fargo Bank account number 3515689010 in Bellevue, Washington, in the name of Health Maintenance Centers, Inc., dba HPC, by check number 11063 payable to Night Wind Enterprises, Ltd.
85	REIMER BEAMAN CULP	October 3, 2001	Deposit of funds in the amount of \$200,000 to Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer from First Independent Bank account number 300024640, in the name of Larry Beaman, in Ridgefield, Washington.
86	REIMER BEAMAN CULP	October 4, 2001	Withdrawal of funds in the amount of \$200,000 from Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer to Washington Mutual Bank account number 1792586762, in the name of Michael and Jennifer Culp, in Bothell, Washington
87	REIMER BEAMAN CULP	October 5, 2001	Deposit of funds in the amount of \$50,000 to Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer from First Independent Bank account number 300024640, in the name of Larry Beaman, in Ridgefield, Washington.

Count	Defendant(s)	Date	Description of Financial Transaction
88	REIMER BEAMAN	October 10, 2001	Withdrawal of funds in the amount of \$10,000 from Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer to Bank of America account number 67854687, in the name of Steven J. Reimer, in Bellevue, Washington
89	REIMER BEAMAN CULP	October 18, 2001	Deposit of funds in the amount of \$50,000 to Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer from First Independent Bank account number 300024640, in the name of Larry Beaman, in Ridgefield, Washington
90	REIMER BEAMAN CULP	October 19, 2001	Deposit of funds in the amount of \$33,000 to Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer from First Independent Bank account number 300024640, in the name of Larry Beaman, in Ridgefield, Washington.
91	REIMER BEAMAN CULP	October 19, 2001	Withdrawal of funds in the amount of \$100,000 from Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer to Washington Mutual Bank account number 1792586762, in the name of Michael and Jennifer Culp, in Bothell, Washington
92	REIMER BEAMAN	October 26, 2001	Deposit of funds in the amount of \$48,000 to Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc., by wire transfer from First Independent Bank account number 300024640, in the name of Larry Beaman, in Ridgefield, Washington.
93	LAWRENCE	December 3, 2001	Withdrawal of funds in the amount of \$50,000 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6000 payable to Ocean Connection, Bainbridge Island, WA.
94	LAWRENCE	December 7, 2001	Withdrawal of funds in the amount of \$2,500 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6012 payable to Kevin Lawrence, Bainbridge Island, WA.

Count	Defendant(s)	Date	Description of Financial Transaction
95	LAWRENCE	December 11, 2001	Withdrawal of funds in the amount of \$34,011 25 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6015 payable to Bremerton Dodge, Bremerton, WA.
96	LAWRENCE	December 11, 2001	Withdrawal of funds in the amount of \$2,500 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6016 payable to Ocean Connection, Bainbridge Island, WA.
97	LAWRENCE	December 27, 2001	Withdrawal of funds in the amount of \$100,000 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6028 payable to Vicki Lawrence, Bainbridge Island, WA.
98	LAWRENCE	December 31, 2001	Withdrawal of funds in the amount of \$12,500 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6046 payable to Stacy Gray, Bainbridge Island, WA.
99	LAWRENCE	January 8, 2002	Withdrawal of funds in the amount of \$11,000 from Bank of Hawaii account number 1447165, in the name of Tradewinds Southwest, Inc., by check number 6073 payable to Vicki Lawrence, Bainbridge Island, WA.

All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2

VI

COUNTS 100 through 114

(Engaging in Monetary Transactions with Proceeds of Unlawful Activity)

1. On or about the dates set forth below, within the Western District of Washington, and elsewhere, the defendants set forth below with respect to each count, together with other persons known and unknown to the Grand Jury, did knowingly and willfully engage and attempt to engage in the monetary transactions set forth below by, through, and to the financial institutions identified below, which monetary transactions affected interstate and foreign commerce, in criminally derived property of a value greater

1 than \$10,000, such property having been derived from specified unlawful activities, that
2 is mail fraud, wire fraud, and securities fraud; each monetary transaction set forth below
3 constitutes a representative sample of such monetary transactions and a separate count of
4 this Indictment, as follows

Count	Defendant(s)	Date	Description of Monetary Transaction
100	LAWRENCE	August 14, 2000	Deposit of cashier's check number 5021882267 in the amount of \$88,570, drawn on funds from U.S. Bank account 153500122400, in Bainbridge Island, Washington, in the name of Health Maintenance Centers, Inc., to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.
101	LAWRENCE	September 1, 2000	Deposit of cashier's check number 5022187023 in the amount of \$26,180, drawn on funds from U.S. Bank account 153500122400, in Bainbridge Island, Washington, in the name of Health Maintenance Centers, Inc. to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult
102	REIMER	October 31, 2000	Deposit of check number 1226 in the amount of \$58,000, drawn on Bank of America account number 63774962, in Bellevue, Washington, in the name of Stephanie Reimer, to Bank of America account number 23804-13876, in the name of Northstar LLC, in Bellevue, Washington.
103	KUIKEN	November 1, 2000	Deposit of check number 1049 in the amount of \$20,000, drawn on U.S. Bank account number 153590973076, in Bellevue, Washington, in the name of Intercity Enterprises Inc Mgmt Trust Acct for Growth International, to U.S. Bank account number 153504792489 in the name of New Life Bible Fellowship
104	REIMER	November 15, 2000	Deposit of check number 1233 in the amount of \$50,000, drawn on Bank of America account number 63774962, in Bellevue, Washington, in the name of Stephanie Reimer, to Bank of America account number 23804-13876, in the name of Northstar LLC, in Bellevue, Washington.

Count	Defendant(s)	Date	Description of Monetary Transaction
105	LAWRENCE	February 9, 2001	Deposit of check number 1005 in the amount of \$28,880, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc, - American Integrated Health, to U S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.
106	LAWRENCE	February 13, 2001	Deposit of check number 1013 in the amount of \$64,360, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc, - American Integrated Health, to U S Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust for Performance Consult.
107	LAWRENCE	February 27, 2001	Deposit of check number 1032 in the amount of \$22,450, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc, - American Integrated Health, to U.S. Bank account number 153590383896 in the name of National Alliance, Inc , Management Trust Account for Performance Consult.
108	LAWRENCE	March 8, 2001	Deposit of check number 1047 in the amount of \$143,000, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc, - American Integrated Health, to U.S Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.
109	LAWRENCE	March 22, 2001	Deposit of check number 1064 in the amount of \$19,650, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc, - American Integrated Health, to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.
110	LAWRENCE	April 2, 2001	Deposit of check number 1072 in the amount of \$119,871 38, drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc, - American Integrated Health, to U.S. Bank account number 153590383896 in the name of National Alliance, Inc., Management Trust Account for Performance Consult.

Count	Defendant(s)	Date	Description of Monetary Transaction
111	LAWRENCE	April 16, 2001	Deposit of check number 1092 drawn on First Mutual Bank account number 00724025200, in Bellevue, Washington, in the name of HMC Inc, - American Integrated Health, in the amount of \$31,066 to U.S. Bank account number 153590383896 in the name of National Alliance, Inc. Management Trust Account for Performance Consult.
112	KUIKEN	July 2, 2001	Deposit of check number 7012 in the amount of \$15,000 drawn on U.S. Bank account number 153591310211, in Bellevue, Washington, in the name of Morning Star Growth International, to U.S. Bank account number 153504792489 in the name of New Life Bible Fellowship.
113	REIMER BEAMAN	October 29, 2001	Withdrawal of funds in the amount of \$25,000 from Bank of the West account number 247025505, in Reno, Nevada, in the name of TNT Dynamics, Inc, by wire transfer to Bank of America account number 67854687, in the name of Steven J Reimer, in Bellevue, Washington
114	KUIKEN	March 25, 2002	Deposit of check number 7087 in the amount of \$30,000 drawn on U.S. Bank account number 153591310211, in Bellevue, Washington, in the name of Morning Star Growth International, to First Union National Bank account number 2000009464970 in the name of American Opportunities Inc.

All in violation of Title 18, United States Code, Sections 1957 and 2.

VII.

CRIMINAL FORFEITURE ALLEGATIONS

Upon conviction of the offenses charged in Counts 1 through 114 of this Indictment, defendants KEVIN L. LAWRENCE, STEVEN J. REIMER, LARRY L. BEAMAN, MICHAEL J. CULP, and HARVEY W. KUIKEN shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property constituting or derived from

1 proceeds obtained directly or indirectly as a result of the such offense, including but not
2 limited to the following:

- 3 1. One (1) Brequet Type XX Men's Watch, Model No. 4227;
- 4 2 One (1) Rolex Oyster Men's Watch;
- 5 3 One (1) Tag Heuer Men's Watch, Model #WG1120-KO;
- 6 4 Five (5) Swords, more fully described as follows:
 - 7 a. one (1) sword with a large lion face guard (larger of the two), maker
8 unknown,
 - 9 b one (1) Jemadar dagger by Jose De Braga;
 - 10 c. one (1) sword with a large lion guard (smaller of the two), maker
11 unknown;
 - 12 d. one (1) Vektran dagger by Jose DeBraga; and
 - 13 e. one (1) Vektran sword by Jose DeBraga;
- 14 5 One (1) 1978 Mako vessel, serial # MRK106070478M25 & EZ Loader
15 trailer, VIN # 1ZE1S428PAN24310;
- 16 6 One (1) 1999 Yamaha Wave Runner jet ski, Serial # YAMA4636C999, and
17 1999 Shore Land'r trailer, VIN #1MDH1MJ17XA066535;
- 18 7. One (1) 2001 Ferrari F-1 360 Modena Spyder, VIN #ZFFYT53A210123121,
19 or the proceeds from the interlocutory sale of the 2001 Ferrari F-1 360 Modena Spyder;
- 20 8 One (1) 1990 Donzi vessel, Serial # DMRA083L990, and 1991 Trail Rite
21 boat trailer, VIN # 1T0BS10TXMS115882;
- 22 9. One (1) 2000 Mercedes-Benz G-Wagen Brabus Cabriolet,
23 VIN # WDBEG4069Y7121043;
- 24 10 One (1) 2000 AM General Hummer 4 door, VIN # 137ZA843XYE190060,
- 25 11. One (1) 1996 Black AM General Hummer, VIN #137ZA9038TE170751,
- 26 12. One (1) 2001 Ducati 996SPC Motorcycle, VIN # ZDM1SB5T31B010092,
- 27 13. One (1) 2001 Yamaha YFM 600 Grizzly ATV,
28 VIN # JY4AJ02Y31A003778;

1 14. One (1) 2001 Yamaha YFM 600 Grizzly ATV,
2 VIN # JY4AJ02Y91A004658;

3 15. One (1) 1972 De Tomaso Pantera, VIN # THPNLJ02144; and

4 16. One (1) 1983 De Tomaso Pantera, VIN # THPNAR09259;

5 17. The real property located at 15020 159th Avenue N.E , Woodinville,
6 Washington 98072, including its buildings, improvements, appurtenances, fixtures,
7 attachments and easements,

8 If any of the above-described forfeitable property, as a result of any act or
9 omission of the defendant:

10 (a) cannot be located upon the exercise of due diligence,

11 (b) has been transferred or sold to, or deposited with, a third party;

12 (c) has been placed beyond the jurisdiction of the Court;

13 (d) has been substantially diminished in value; or

14 (e) has been commingled with other property which cannot be divided
15 without difficulty;

16 it is the intent of the United States, pursuant to Title 21, United States Code,

17 Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek

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1 forfeiture of any other property of said defendant up to the value of the forfeitable
2 property described above.

3 A TRUE BILL:

4 DATED

5
6 
FOREPERSON

7
8 


9 JOHN McKAY
10 United States Attorney

11 

12 FLOYD SHORT
13 Assistant United States Attorney

14 

15 RICHARD E. COHEN
Assistant United States Attorney

16 

17 YE-TING WOO
Assistant United States Attorney

18 

19 TODD BRILLIANT
20 Special Assistant United States Attorney

21 

22 JEFFREY B. COOPERSMITH
23 Assistant United States Attorney